

EXHIBIT 19

(Part 5 of 8)

Retain. earn. (2)187,464 160,530 143,032
 [1]Earn., com. sh. \$2.70 \$1.75 \$1.24
 [1]After \$16,361,000 (1976, \$12,676,000; 1975, \$10,317,000) deprec. & amort. [2]\$40,200,000 not restricted. [3]As reported on 12,243,000 (1976, 12,201,000; 1975, 12,330,000) aver. com. and com. equiv. shs.; \$2.22 (1976, \$1.52; 1975, \$1.15) fully diluted. [4]Incl. Royal Industries Inc. from Jan. 1, 1977 date of acq.

Yr. End Shs.:
 Common 1977 1976 1975
 12,332,520 12,169,060 12,234,244

Consolidated Balance Sheet, as of June 30 (\$000 omitted):

Assets:	1977	1976	1975
Cash, etc.	15,928	147,960	
Receiv., net	164,524	103,465	
[1]Inventories	180,021	100,196	
Constr. costs recov.	18,287	16,629	
Rt. est. for sale	1,876	7,093	
Prepayments	9,232	7,186	
Total curr.	390,568	262,531	
[2]Net prop., etc.	128,961	84,032	
Other assets	64,393	43,850	
Total	583,922	390,403	
Liabilities:			
Notes, etc., pay.	18,109	11,940	
Accts. pay.	70,452	40,380	
Accruals	65,162	35,622	
Income taxes	23,432	10,159	
Total curr.	177,155	98,101	
Lg. tm. debt	171,372	87,880	
Def. liab.	14,246	9,541	
Def. inc. taxes	4,405	6,011	
[3]\$4.50 D pfd.	222	222	
[3]\$5 E pfd.	2,122	2,873	
[3]\$2.25 cv. pfd.	4,304	4,304	
Com. stk. (\$1)	12,861	12,861	
Paid-in surplus	15,616	15,604	
Retain. earn.	187,464	160,530	
Skhld. eq.	222,589	7,524	
[4]Reacq. stk.	5,845	7,524	
Net skhld. eq.	216,744	188,870	
Total	583,922	390,403	
Net curr. assets	213,413	164,430	
[1]Depr. & amort.	112,237	103,360	
[2]Lower cost (price. fifo) or mt. [3]Shs. at cost: 1977, 8,097 pfd. & 528,703 com.; 1976, 8,097 pfd. & 692,103 com. certificates of deposit and other short term investment. [4]Incl. \$18,651,000 certificates of deposit and other short term investments. [5]2,216 no par shs. [6]No par shs.: 1977, 21,224; 1976, 28,734. [7]No par shs.: 1977, 1,713,412; 1976, 1,713,486.			

Long-Term Debt Outstg., June 30, 1977, \$156,216,000 comprised of:
 (1) \$25,000,000 unsecured term bank notes (see below).
 (2) \$75,000,000 9 1/4% senior notes, unsecured, due in annual installments of \$5,000,000 to 1981 and \$5,500,000 in 1991.
 (3) \$10,000,000 9% senior notes, unsecured, due in annual installments of \$625,000 from 1979 to 1994.
 (4) \$4,300,000 9% senior notes, unsecured, due in semi-annual installments of \$350,000 to 1982 and \$400,000 to 1983.
 (5) \$10,000,000 9 1/4% senior notes, unsecured, due annual installments of \$400,000 from 1979 to 1982 and \$440,000 from 1983 to 1991.
 (6) \$2,865,000 5.792% Industrial Revenue Bonds, Morristown, Tenn., due semi-annually to 1993.
 (7) \$1,770,000 4.3% Industrial Revenue Bonds, Somerset, Ky., due semi-annually to 1986.
 (8) \$2,449,000 7% note due annually to 1982.
 (9) \$11,296,000 4 1/2% to 10% mortgage and other notes due thru 1999.
 (10) \$13,536,000 Capitalized lease obligations.
 Loan agreement contains provisions pertaining to maintenance of minimum working capital balances, restrictions as to payment of cash dividends and conditions precedent to obtaining additional secured borrowings. At June 30, 1977, consolidated retained earnings of \$40,200,000 were unrestricted for payment of cash dividends.
2. Debenture Debt: Lear Siegler, Inc. sinking fund subordinated debenture 10s, due 2004: AUTH.—\$50,000,000; outstg., June 30, 1977, \$16,724,000 (excl. \$4,588,000 unamort. discount). [DATE]: May 1, 1974. DUE—June 1, 2004. INTEREST—[&] 1 to holders registered M&N 15 at the office of the paying agents, or by mail.
TRUSTEE—Security Pacific National Bank, Los Angeles, Cal.
PAYING AGENTS—Trustee and Irving Trust Co., NYC.
DENOMINATION—Fully registered, \$1,000 and integral multiples thereof, and also in denominations of \$100 and integral multiples thereof up to and including \$900 to the extent required to facilitate the exchange offer.
CALLABLE—As a whole or in part at any time on at least 30 but not more than 60 days' notice at 100. Not callable, however, prior to June 1, 1978 thru refunding at interest cost less than 10% per annum. Also callable for sinking fund (which see).
SINKING FUND—Annually, each June 1, 1989-2003 to retire debts, cash (or debts) equal

to 5% of debts. outstg. on June 1, 1988, plus similar optional payments.
SECURITY—Not secured; subordinated to all senior debt.
RIGHTS ON DEFAULT—Trustee, or 25% of debts. outstg., may declare principal due and payable (30 days' grace for payment of interest).
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66 2/3% of debts. outstg.
LISTED—On New York Stock Exchange.
ISSUED—(\$21,310,300) in June, 1974 in exchange for shs. of cum. conv. pfd. stk. at rate of \$32 deb. 10s for each preferred sh. exchanged. Offer expired May 29, 1974.
PRICE RANGE—

	1977	1976	1975	1974
High	10 1/8	9 1/2	8 1/2	7 1/2
Low	9 1/2	8 0/8	7 0/8	6 6/8

3. Other Subordinated Debt Outstg., June 30, 1977, \$7,699,000 7 1/4% subordinated notes (less unamortized discount of \$301,000), due in annual installments of \$800,000 from 1979 to 1988.

Capital Stock: Lear Siegler, Inc. cumulative convertible preferred, series D and E; no par: AUTH.—All series, 4,000,000 shs.; outstg., Ser. D, 2,216 shs.; Ser. E, 21,224 shs.; no par (stated value, \$100).
PREFERENCES—Has preference for assets and divs.
DIVIDEND RIGHTS—Entitled to cum. divs. of \$4.50 per sh. annually for Ser. D and \$5.00 for Ser. E, payable quarterly, Mar. 1, etc.
DIVIDENDS—Regular dividends paid on all series.
DIVIDEND RESTRICTION—See Long Term Debt, above.
VOTING RIGHTS—Has one vote per sh., except that on default of six quarterly divs., all pfd., voting as a class, entitled to elect 2 directors. Consent of majority of each preferred series required to issue shs. or other series having priority.
LIQUIDATION RIGHTS—In liquidation, each preferred series entitled to \$100, redemption price; plus divs.
CALLABLE—As follows:
 Series D callable at \$100 per share.
 Series E callable at \$100 per share.
PREEMPTIVE RIGHTS—None.
CONVERTIBLE—Series D and E convertible into common at rate of 5 com. shs. for each Ser. D sh. and 6 1/2 com. shs. for each Ser. E sh. with anti-dilution clause.
ISSUED—(10,000 shares) Series D issued Dec. 1965 in connection with acquisition of Cimron Corp.
 (30,000 shares) Series E issued June 1966 in connection with acquisition of Save Electric Corp.

2. Lear Siegler, Inc. \$2.25 cumulative convertible preferred; no par.
AUTHORIZED—All series, 4,000,000 shares; outstanding, \$2.25 conv. series, 1,713,412 shares; in treasury, 8,097 shares; no par.
 Note: Each \$4.50 cum. conv. pfd. split 2-for-1 Dec. 16, 1968.
PREFERENCES—Has equal preference with other pfd. for assets and divs.
DIVIDEND RIGHTS—Entitled to cum. cash divs. of \$2.25 a sh. annually, payable quarterly.
DIVIDEND RECORD—Initial dividend of \$0.5625 per share paid Dec. 31, 1966; regular dividends paid thereafter.
DIVIDEND RESTRICTIONS—See Long Term Debt, above.
LIQUIDATION RIGHTS—In any liquidation, entitled to \$45 a sh. plus divs.
VOTING RIGHTS—Has one vote per sh. If divs. are in arrears for 6 quarterly payments, then pfd., voting as a class, is entitled to elect 2 directors.
CALLABLE—As a whole or in part after Dec. 31, 1972 on at least 30 days' notice at \$45 a sh. plus divs.
CONVERTIBLE—Into com. at any time (if called, on or before 5th day prior to redemption date) at an initial conversion rate of 2 1/2 com. shs. for each pfd. sh. No adjustment for interest or divs. Cash, or scrip, paid in lieu of fractional shs. Conversion privilege protected against dilution.
PURPOSE—(1,463,554 shares) issued Nov. 15, 1966 in connection with merger of Co. and American Metal Products Co.
 (370,682 shares) issued in 1968 in connection with acquisition of several companies.
 (504,126 shares) issued in 1969 in connection with acquisition of several companies.
TRANSFER AGENTS—Irving Trust Co., New York; United California Bank, Los Angeles.
REGISTRAR—Chase Manhattan Bank N.A., New York; Security Pacific National Bank, Los Angeles.
LISTED—On NYSE (Symbol: LSI Pr); also listed on Pacific Stock Exchange.
PRICE RANGE—

	1977	1976	1975	1974	1973
High	4 3/8	3 9/8	3 7/8	27	32
Low	3 5/8	2 1/4	1 7/8	1 7/8	2 1/4

3. Lear Siegler, Inc. common; par \$1:
AUTHORIZED—25,000,000 shares; outstanding, June 30, 1977, 12,332,520 shares; in treasury, 528,703 shares; reserved for conversion of preferred, 4,436,103 shares; reserved for stock options, 683,693 shares; par \$1.

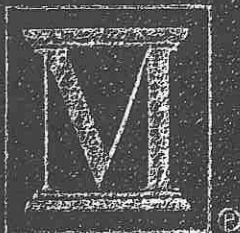
\$1 par shares split 2-for-1 Dec. 16, 1968.
DIVIDENDS—(calendar years):
 1955 \$0.15 1956-57 \$0.80 1958 \$0.60
 [1]1959-62 0.40 [1]1963 0.40 1964 0.47 1/2
 1965 0.55 1966 0.63 1967 0.75
 1968 0.85
 On \$1 par shares; after 2-for-1 split:
 1969 0.47 1/2 1970 0.50 1971 0.27 1/2
 1972 0.20 1973 0.26 1974 0.28
 1975 0.30 1976 0.41 1977 0.50
 [1]Also stock dividends: 1959, 3%; 1960, 4%; 1961 to 1963, 3%.
 Dividends paid by Lear, Inc.:
 1952 [1]\$0.35 1953 Nil 1954-57 \$0.30
 1958 0.10 1959-61 \$0.40 1962 0.20
 [1]Includes 25 cents payable in preferred stock.
DIVIDEND RESTRICTIONS—See Long Term Debt, above.
VOTING RIGHTS—Has one vote per share. See preferred above.
PREEMPTIVE RIGHTS—None.
TRANSFER AGENTS—Irving Trust Co., New York; United California Bank, Los Angeles.
REGISTRARS—Chase Manhattan Bank, N.A., N.Y.; Security Pacific National Bank, Los Angeles.
DIVIDEND DISBURSING AGENT—Irving Trust Co., New York.
LISTED—On NYSE (Symbol: LSI); also listed on Pacific Stock Exchange. Unlisted trading on Philadelphia, Boston and Midwest Stock Exchanges.
PRICE RANGE—

	1977	1976	1975	1974	1973
High	1 7/8	1 1/4	8 1/2	6 1/2	9 1/8
Low	1 3/4	6 1/8	3 1/2	3 1/2	4 1/8

LEE ENTERPRISES, INC.
 History: Incorporated in Delaware Sept. 22, 1950 as successor to business formed in 1890.
 In July, 1969 acquired 72.8% of The Racine Journal-Times, Racine, Wis. for \$4,020,000 in cash and notes. In early 1970, acquired remaining shs. for \$1,200,000. WJRN-AM wholly-owned Journal-Times subsidiary, and the FM station were subsequently sold.
 On Oct. 1, 1969, acquired The Corvallis Gazette-Times and G-T Investment Co., Corvallis, Ore. for \$2,050,000 in cash and notes plus warrants to purchase Co. com.
 On Nov. 1, 1969 sold operating assets of Hannibal, Mo. newspaper for \$800,000 in cash and notes.
 In Jan., 1970, sold 27 1/2% interest in WKBT-TV, LaCrosse, Wis. for over \$1,100,000.
 On Apr. 1, 1970, sold The Livingston Enterprise, Livingston, Mont.
 In Apr. 1971, acquired station WSAZ-TV, Huntington-Charleston, W. Va. From Capital Cities Broadcasting Co. for \$18,000,000 in cash.
 On July 1, 1973, acquired Eastin-Phelan Corp. and Eastin-Phelan Distributing Corp.
 On Aug. 1, 1976 acquired the Kansas City Kansas for \$2,000,000.
 On Apr. 5, 1977, acquired KGMB-TV, Honolulu, Hawaii for \$10,965,000 in cash.
 On Oct. 14, 1977, sold KEYC-TV, Mankato, Minn. for \$5,000,000 in cash.
 On Oct. 21, 1977, acquired Mount Hood Radio & Television Broadcasting Corp. (KOIN-TV, Portland, Ore.) for approx. \$27,000,000 in cash.
Business: Co. publishes 14 newspapers as follows:
 Wisconsin State Journal, Madison, Wis.
 Quad-City Times, Davenport, Ia.
 The Racine Journal-Times, Racine, Wis.
 The Lincoln Star, Lincoln, Neb.
 LaCrosse Tribune, LaCrosse, Wis.
 Globe Gazette, Mason City, Ia.
 Glensville Courier, Ottumwa, Ia.
 The Star-Courier, Keosauqua, Ia.
 The Muscatine Journal, Muscatine, Ia.
 The Billings Gazette, Billings, Mont.
 The Montana Standard, Butte, Mont.
 The Missoulian, Missoula, Mont.
 The Independent Record, Helena, Mont.
 Corvallis Gazette-Times, Corvallis, Ore.
 Kansas City Kansas, Kansas City, Kans.
 Also operates broadcasting divisions as follows:
 KHQA-TV, Hannibal, Mo.-Quincy, Ill.
 WTADAM; WQCY-FM Quincy, Ill.
 KIMT-TV, Mason City, Ia.
 KGMB-TV, Honolulu, Hawaii.
 KOIN-TV, Portland, Ore.
 WSAZ-TV, Huntington-Charleston, W. Va.
 Also, thru subsidiaries produces and distributes movies, primarily for home use.
Affiliate: Madison Newspapers, Inc., Madison, Wis. (50%), Journal-Star Printing Co., Lincoln, Neb. (49.75%).
Joint Venture: In July 1972, Co. formed a joint venture NAPP Systems (USA), Inc. with Nippon Paint Co., Ltd., Osaka, Japan for manufacture of photopolymer printing plates.
Property: Co. maintains and owns facilities with an aggregate of 938,000 sq. ft. of space, of which 10,000 sq. ft. is leased.
Officers
 L.G. Shermer, Pres.
 John Steimar, Vice-Pres.
 R.H. Bellin, Vice-Pres.
 J.E. Burgess, Vice-Pres.
 Lloyd Loerms, Vice-Pres.
 C.D. Waterman, Jr., Sec.

MOODY'S

BANK & FINANCE
MANUAL



1991

MOODY'S INVESTMENT SERVICES
2000 BROADWAY
NEW YORK, NY 10008

Other securities	203	317
Loans & discounts	27,078	24,698
Banking house	1,016	835
Other assets	1,431	1,240
Total	58,005	46,725
Liabilities:		
Capital stock	1,467	1,467
Surplus	967	967
Und. prof. & res.	872	629
Subord. debent.	750	750
Deposits	53,283	42,611
Other liabilities	666	301
Total	58,005	46,725
Book val. per sh.	\$11.27	\$10.44

Includes reserves.
 Debentures: Outstg., Dec. 31, 1980, \$750,000 subordinated non-convertible debentures. Other details not reported.

Capital Stock: \$1,467,000; par \$5.
 Par changed from \$50 to \$5 July 1, 1971 by 10-for-1 split.

Dividends (payments since 1952 follow):

On \$50 par shares:					
1953	.....	Nil	1955	.....	\$2.50
1956-67	.....	Nil	1958-62	.....	2.50
1964	.....	5.00	1965	.....	6.00
1967	.....	7.00	1968	.....	8.00
1970	.....	10.00	1969	.....	9.00

On \$5 par shares:					
1971	.....	1.00	1972	.....	1.02
1974	.....	1.04	1975-76	.....	0.50
1978-80	.....	Nil	1977	.....	2.10

Unpaid stock dividends: 1953, 50%; 1960, 20%; 1963, 33 1/3%.
 If any, not reported.
 Traded: OTC.
 Price Range: 1980, 15 1/2-10; 1979, 15 1/2-10.

LIBERTY NATIONAL BANK & TRUST CO. (Louisville, Ky.)

Chartered as National Bank, Jan. 8, 1935. Originally chartered in 1854 as German Insurance Co.; chartered in 1872 as German Insurance Bank; name changed to Liberty Insurance Bank in 1917; to Liberty Bank & Trust Co., July 2, 1928, and to present title Jan. 8, 1935. Merged Bank of Jeffersontown May 10, 1935, United States Trust Co., Louisville July 22, 1935 and Bank of Middletown, Louisville Dec. 16, 1960.
 Conducts a general banking and trust business. Member Federal Reserve System and Federal Deposit Insurance Corp. United States and State depository. Operates 39 offices.

Liberty National Bancorp. Inc.-New Holding Company: In July 1980, stockholders approved a plan of reorganization whereby Co. merged with subsidiary of Liberty National Bancorp. Inc., a Kentucky corporation, effective Oct. 1, 1980. Under the plan, each sh. of Co. com. stock was exchangeable for one sh. of Liberty National Bancorp. Inc. com. stock, \$8.333333 par.

Subsidiary (wholly owned) Investment Realty Co., owns bank's main office (incl. drive up facility) and 10 branch locations. Also Liberty National Leasing Co. engaged in lease financing.

Officers
 F.B. Hower, Jr., Chmn.
 T.B. Morton, Vice Chairman
 J.W. Phelps, Pres.
 M.B. Chancey, Jr., Exec. Vice-Pres. & Cashier

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 R.K. Guillaume
 R.G. Scherer

Senior Vice-Presidents
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 H.S. Davis
 W.G. Duncan, Jr.
 B.F. Few, Jr.
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 M.L. Norman
 J.P. Walker, Jr.
 C.B. Birsteal
 J.G. Sellar, Jr.
 C.L. Edmondson, Jr.
 J.E. Vittitow
 R.A. Bean
 P.E. Hunter
 J.M. McDonnell
 J.M. Shaver III
 B.S. Brumback
 W.D. Meredith
 R.B. Zalno
 Carl Weigel

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 C.J. Pierce
 M.B. Schooley
 W.R. Kinnison
 W.H. Peloff, Jr.
 R.H. Dobbins
 M.A. Johnson

E.V. Pope
 Janet Allen
 J.F. Barron
 D.R. Lurding
 L.E. Price
 T.P. Doubles
 Larry Peter
 F.J. Gitschier

Directors
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 I.W. Dobbins, Jr.
 W.H. Dunbar
 G.C. Eady
 G.M. Goetz
 F.B. Hower, Jr.
 E.S. Jones
 S.S. Dickson
 J.W. Phelps
 W.B. Terry, Jr.

No. of Stockholders: Dec. 31, 1980, 1,255.
 No. of Employees: Dec. 31, 1980, 959.
 Main Office: P.O. Box 32500, Louisville, KY 40232. Tel: (502)566-2000.

Statement, Dec. 31 (in thousand dollars):

Resources:	1979	1978
Loans & lease fin.	520,046	450,338
Cash & in banks	110,513	155,581
U.S. Govt. oblig.	34,320	48,836
State, etc. oblig.	57,879	56,182
Other securities	1,903	1,803
Govt. agcy. sec.	25,755	3,496
Trading acct. sec.	1,972	1,018
Fed. funds sold	80,975	65,475
Bank bldg., etc.	11,294	10,964
Accr. int. rec.	7,848	5,901
Other assets	2,220	1,793
Total	854,726	801,386
Liabilities:		
Com. stock (\$12.50) ..	10,200	10,200
Surplus	10,900	10,900
Retained earnings	27,354	22,402
Fed. funds purch.	101,415	91,408
Accrued int., etc.	12,646	9,959
Notes pay.	15,928	8,451
Subord. notes	5,000	5,000
Other liabilities	2,361	769
Mortgages pay.	1,207	1,328
Deposits	667,714	640,969
Demand	296,130	307,315
Sav. & time	371,584	333,654
Total	854,726	801,386
Bk. val. com. sh.	\$39.59	\$35.54

After deduct. \$6,640,805 (1978, \$5,479,643) reserve for loan and lease losses.
 Subordinated Capital Notes: Outstg., Dec. 31, 1979, \$5,000,000 9% subord. cap. notes due 1991. Placed privately.

Common Stock: \$10,200,000; par \$8.33 1/3.
 Par changed from \$100 to \$10 July 1, 1929, by 10-for-1 split; from \$10 to \$2.50 Feb. 1, 1935 and from \$2.50 to \$2.75 Dec. 31, 1943, both share for share; from \$2.75 to \$13.75 in Jan. 1944 by 1-for-5 split; to \$15 Dec. 29, 1944, to \$16 Aug. 1, 1945, to \$17.50 Dec. 26, 1945, to \$20 Aug. 1, 1946 to \$21 in 1947, to \$22.50 July 14, 1948, and to \$25 Nov. 14, 1949 all by stock dividends (transfer from surplus to capital stock); to \$12.50 Nov. 18, 1963 by 2-for-1 split; to \$8.33 1/3 May 2, 1978 by 3-for-2 split.
 All owned by Liberty National Bancorp., Inc.

LIBERTY NATIONAL BANK & TRUST CO. (Oklahoma City)

(Controlled by Liberty National Corp.)
 Chartered under National Bank Act, May 18, 1918 as Liberty National Bank; present name adopted Mar. 1, 1950. Purchased the Guaranty Bank of Oklahoma City, Nov. 21, 1921, and Oklahoma National Bank, Apr. 17, 1926. Merged Bank of Mid-America Savings & Trust Co., Oklahoma City, Aug. 12, 1960.
 In Mar. 1971, acquired Home Mortgage & Investment Co., Oklahoma City, from Doric Corp. for \$2,250,000.
 General banking and trust. Member Federal Reserve System and Federal Deposit Insurance Corp.

International Affiliate: Allied Bank International (see general index).

Officers
 J.W. McLean, Chmn. & Chief Exec. Off.
 W.K. Bonds, Chmn. Trust Comm.
 T.J. Semrod, Pres. Liberty National Corp.
 W.M. Bell, Pres.—Liberty Mortgage Corp.
 K.G. Greer, Pres.
 W.P. Dowling, Exec. Vice-Pres.
 J.A. Harkins, Exec. Vice-Pres.
 R.D. Manley, Exec. Vice-Pres.
 F.M. Moses, Exec. Vice-Pres.
 W.B. Robberson, Exec. Vice-Pres.
 Dale Schroeder, Exec. Vice-Pres.
 J.E. White, Exec. Vice-Pres.
 K.R. Brown, Senior Vice-Pres. & Sen. Invest. Off.
 J.R. Johnson, Senior Vice-Pres. & Sen. Invest. Off.
 D.E. Balaban, Senior Vice-Pres. & Sen. Trust Off.
 J.W. Bruce, Jr. Senior Vice-Pres. & Sec.
 J.H. Hoberecht, Vice-Pres. & Cashier
 R.L. Lee, Vice-Pres. & Asst. Contr.

W.S. Phinney, Vice-Pres. & Auditor.
 G.H. Hammonds, Controller

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 R.D. Blinn
 H.A. Bowers
 H.E. DeBee
 Carl Edwards
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 R.E. Hogue

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 Doug Belisle
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 Dudley Deen
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 Fay Dunbar, Jr.
 M.B. Edwards
 C.G. Evans
 Ken Ferguson
 T.G. Hilborne
 B.R. Byers
 K.F. Housholder
 E.E. Korell
 David Jensen
 C.A. Keady
 G.R. Kelly
 F.J. Kelly, Jr.

Directors
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 W.M. Bell
 R.L. Bolen
 E.J. Braun
 H.K. Calvert
 F.E. Carey, Jr.
 Jack Duncan
 Walter Duncan, Jr.
 J.R. Durland
 J.I. Everest

J.L. Staubus, Trust Off.
 J.E. Golsen
 K.G. Greer
 W.W. Husley
 J.E. Kirkpatrick
 R.E. Lee
 R.F. Long
 R.A. Lyon
 Herb Mee, Jr.
 J.W. McLean
 J.W. Nichols
 G.B. Parks
 J.R. Parsons
 T.J. Semrod

No. of Employees: Dec. 31, 1979, 681.
 Office: 100 Broadway, Oklahoma City, OK P.O. Box 25848 73125. Tel: (405)231-6000.

Statement, Dec. 31 (in thousand dollars):

Resources:	1980	1979
Cash & due from banks	304,835	284,130
U.S. Govt. secur.	203,327	175,140
Other securities	128,765	137,831
Fed. res. stk.	4,743	3,917
Trading acc.	64,887	50,700
Federal funds sold ..	310,964	185,060
Loans & disc. (net) ..	649,990	547,653
Bank prem., etc.	9,843	9,824
Other assets	25,998	16,759
Total	1,706,950	1,411,014
Liabilities:		
Capital stock	9,200	9,200
Surplus	9,200	9,200
Undiv. prof.	44,401	37,572
Capital notes & debent.	15,600	17,830
Borrowed funds	15,289	16,671
Fd. funds purch.	330,127	183,720
Other liabilities	29,284	29,863
Deposits	1,253,849	1,106,958
Total	1,706,950	1,411,014

Long Term Debt: Outstanding, Dec. 31, 1980, \$15,600,800 capital notes and debentures. Details not reported.

Capital Stock: \$9,200,000 par \$1.
 (All owned by Liberty National Corp. except for directors qualifying shares.)

LIBERTY NATIONAL CORP.

History: Incorporated in Delaware in 1968. On Oct. 1, 1969 acquired Liberty National Bank & Trust Co., Oklahoma City by a share-for-share exchange.
 In 1969 acquired a 50% interest in Liberty-Heller Factors, Inc.
 In Dec. 1971, formed Liberty Financial Corp.

Business: Company is a bank holding Co. owning Liberty National Bank & Trust Co. (see general index).

Subsidiaries: Liberty National Bank & Trust Co.; Liberty Financial Corp.; Liberty Mortgage Co.; Liberty Real Estate Co.; Mid-America Leasing Corp.; Liberty Property Management Co.; Mid-America Credit Life Assurance Co.; Mid-America Insurance Agency.

Senior Officers
 J.W. McLean, Chairman
 T.J. Semrod, President

Directors
 J.H. Abernathy
 G.M. Anthony
 J.E. Golsen
 G.B. Parks
 R.L. Bolen
 W.K. Bonds
 Herb Mee, Jr.
 T.J. Semrod
 W.W. Husley
 J.E. Kirkpatrick
 W.M. Bell
 K.G. Greer

V.E. Fellow
H.K. Calvert
F.E. Carey, Jr.
Jack Duncan
Walter Duncan, Jr.
J.R. Durland
J.L. Everest
R.H. Heimer, Jr.

R.E. Lee
R.F. Long
J.W. McLean
J.W. Nichols
Y.R. Parsons
H.P. Everest
M.L. Knotts

Auditors: Arthur Andersen & Co.
Annual Meetings: In March.
No. of Stockholders: Dec. 31, 1980; pfd., 321; com., 1,401.

No. of Employees: Dec. 31, 1979, 785.
Office: Liberty Tower, 100 Broadway, Oklahoma City, OK 73125. Tel: (405)231-6000.

Consol. Income Account yrs. ended Dec. 31 (\$000 omitted):

Interest revenue	1980	1979
Fees & loan int.	96,453	75,010
Other interest	56,211	36,216
Total	152,664	111,226
Int. on deposits	66,387	53,731
Other interest exp.	43,728	23,267
Net interest rev.	42,549	34,228
Other oper. rev.	14,913	9,061
Total	57,462	43,289
Loan loss prov.	4,800	3,600
Salaries, etc.	18,433	12,872
Other oper. exp.	18,948	15,415
Income taxes	3,713	2,323
Net bef. sec. loss	11,568	9,079
Per com. sh.	\$4.60	\$3.60
Secur. loss, net	1,010	684
Net income	10,557	8,395
Dividends (pfd.)	881	850
Dividends (com.)	2,758	2,205
Balance	6,918	5,340
Per com. sh.	\$4.17	\$3.30
Yr. end shares	2,315,732	2,169,752

As reported on aver. com. equiv. shs., adj. for 33 1/3% stk. div. 10/80; \$3.81 (\$4.17 bef. sec. losses) in 1980 and \$3.08 (\$3.33 bef. sec. losses) in 1979 fully diluted. [2]2,261,003 shs. adj. for stk. div.

Consolidated Statement, as of Dec. 31 (\$000 omitted):

Resources:	1980	1979
Cash & in banks	304,852	284,146
Invest. secur.	338,150	312,115
Trading acct. sec.	64,887	50,700
Funds sold	310,964	185,860
Loans, net	677,767	575,348
Accr. inc. rec.	19,178	14,262
Fixed assets, net	8,031	7,075
Other assets	16,337	13,683
Total	1,740,165	1,442,391
Liabilities:		
Pfd. stk. (\$1)	427	400
Capital notes	20,600	22,830
Com. stk. (\$5)	13,795	13,521
Capital surplus	20,733	17,530
Retained earnings	47,576	40,658
Reserv. acct.	47,696	47,696
Notes rec.	47,696	47,696
Deposits	1,249,856	1,096,229
Demand	599,091	572,295
Time	650,765	523,934
Comm. paper	21,560	27,085
Borrowed funds	15,289	16,011
Funds purch.	330,127	183,720
Accr. taxes, int., etc.	21,634	17,754
Other liabilities	6,928	15,062
Total	1,740,165	1,442,391

[1]Book val. per sh. \$26.47 [2]Book val. per sh. \$26.47 [3]After deduct. \$13,087,787 (1979), \$8,879,426 (1979), \$5,116,797 (1979) unearned interest. [4]After allowing \$12,925,000 (1979), \$10,000,000 (1979) for liquidation value of pfd. stk. [5]23.77 adj. for stk. div.

Long Term Debt: Outstg. Dec. 31, 1980, \$20,600,000 consisting of:

- (1) \$5,000,000 6 1/2% subordinated notes, due 1982.
- (2) \$5,600,000 4 1/4% subordinated notes & debentures, due 1989 (\$400,000 to be redeemed annually).
- (3) \$7,500,000 8 1/2% to 9% subordinated notes, due to 1985.
- (4) \$2,500,000 10 1/2% subordinated notes, due 1982.

At Dec. 31, 1980, restricted retained earnings of approx. \$2,627,000 was not available for payment of cash dividends.

Capital Stock: Liberty National Corp. \$2.125 cumulative convertible preferred; par \$1: \$1,000,000 shs.; outstg. Dec. 31, 1980, 397,030 shs.

PREFERENCE—Has equal preference with other series outstg.
DIVIDEND RIGHTS—Entitled to cum. cash divs. at the annual rate of \$2.125 per sh. payable quarterly on July 15, etc.
DIVIDEND RECORD—Initial dividend of \$0.271528 per sh. paid July 15, 1978; regular quarterly dividends paid thereafter.
CONVERSION RIGHTS—Into com. at any time at the rate of 1.111 shs. of com. per each pfd. sh.
CALLABLE—As a whole or in part at any time on at least 30 but not more than 60 days' notice to each July 15 as follows:
1983 \$27.12 1984 \$26.77 1985 \$26.41
1986 \$26.06 1987 \$25.70 1988 \$25.35 and thereafter at \$25.00.

VOTING RIGHTS—None. If the equivalent of six quarterly divs. payable on the pfd. stock or any other series of pfd. stock are in default, the number of directors of Co. will be increased by two and the holders of the pfd. stock, voting as a class together with the holders of any other outstg. series of pfd. stock, will be entitled to elect such additional two directors until all divs. in default have been paid or declared and set apart for payment, at which time the number of directors of Co. will be reduced by two.
LIQUIDATION RIGHTS—In liquidation, entitled to \$25 per sh., if involuntary; and to redemption price if voluntary.

LIQUIDATION RIGHTS—In liquidation, entitled to \$25 per sh., if involuntary; and to redemption price if voluntary.

TRANSFER AGENT—Liberty National Bank & Trust Co. of Oklahoma City.

OFFER—Proceeds will be used to provide funds for Co.'s operating subsidiaries and other corporate purposes.
OFFER—(400,000 shs.) at \$25.00 per sh. (proceeds to Co., \$23.85) on May 23, 1978 thru Merrill Lynch White Weld Capital Markets Group, Keefe, Bruyett & Woods, Inc. and associates.

TRADED—OTC (NASDAQ Symbol: LIBNP).
PRICE RANGE—1980 1979 1978
High 32 1/2 24 1/2 25 1/2
Low 19 1/4 21 23

2 Liberty National Corp. \$8 cumulative convertible preferred, par \$1:
AUTH.—All series, 1,000,000 shs.; outstanding, this series, 30,000 shs.

DIVIDEND RIGHTS—Entitled to annual cumulative dividends of \$9.00 per sh.
CONVERTIBLE—Into com. at a rate of 3.333 shs. of com. per each pfd. sh., subject to adjustment under certain conditions.

CALLABLE—In whole or in part, at 109 per sh. to Jan. 15, 1986 and decreasing prices thereafter to Jan. 15, 1992 and at 100 thereafter.

LIQUIDATION RIGHTS—In case of involuntary liquidation, entitled to \$100 per sh.
ISSUED—In 1980.

3 Liberty National Corp. common, par \$5:
Auth., 3,000,000 shs.; outstg., Dec. 31, 1980, 2,315,752 shs.; in treasury, 443,149 shs.; reserved for options, 12,010 shs.; par \$5.

Par changed from \$10 to \$5 by 2-for-1 split Apr. 16, 1977.
Dividends (payments since 1968 follow):
[1]1969 \$1.44 [2]1970-76 \$1.60 1977 \$0.80
On \$5 par sh. after 2-for-1 split:
1977 0.75 1978 1.15 1979 1.30
[3]1980 1.32 1/2

On \$5 par shs. after 33 1/3% stk. div.:
[4]1981 0.35
[5]Includes \$1.20 paid on Liberty National Bank & Trust Co. shares.

[6]To Jan. 18.
[7]Also paid stock dividends: 1973, 10%; 1980, 33 1/3%.

Has one vote per sh., with non-cumulative voting for directors. No preemptive rights.

Issued (900,000 shs.) on Oct. 1, 1969 to shareholders of Liberty National Bank & Trust Co. (see history above).

Transfer Agent & Registrar: Liberty National Bank & Trust Co. of Oklahoma City, Oklahoma City, Okla.

Traded: OTC (NASDAQ Symbol: LIBN).
Price Range: [1]1980 1979 1978 [2]1977 1976
High 29 1/4 27 1/4 27 1/4 23 35 1/2
Low 15 1/4 22 1/4 21 1/4 17 25 1/4
[3]Adjusted.
[4]After 33 1/3% stk. div.; before, 32 1/4-21.

LIBERTY SAVINGS BANK (Mayfield, Ky.)
Incorporated in 1956. Conducts a general banking business. Member Federal Deposit Insurance Corp. Operates 2 facilities.

Officers
G.P. Youngblood, Chmn.
R.N. Maddox, Jr., Vice-Chmn.
H.L. Shaw, Pres. & Tr. Off.
G.R. Miller, Senior Vice-Pres. & Cash.
Leon Culpepper, Vice-Pres.
Jimmie Ellington, Vice-Pres.
L.M. Yarbrough, Sec.

Directors
Cecil Anderson Sam Boyd Neely
C.A. Byrn, Jr. H.L. Shaw
J.T. Holloway J.D. Vincent
Hal Johnson G.P. Youngblood
R.N. Maddox, Jr.

Auditors: Carpenter, Strothman, Bolin & Co.
Annual Meeting: In Mar.
No. of Stockholders: Dec. 31, 1980, 289.
No. of Employees: Dec. 31, 1980, 56.
Office: 117 North 7th St., Mayfield, KY 42066. Tel.: (502)247-9513.

Statement, Dec. 31 (in thousand dollars):
Resources: 1980 1979
Cash & in banks 2,145 3,500
Investment secur. 21,742 20,866
Fed. funds sold 12,250 4,150
Loans & disc. net 22,394 25,437
Bank bldg., etc. 1,489 485
Other assets 819 569
Total 60,839 35,006

Liabilities: 1980 1979
Capital notes 500 500
Capital stock 1,000 1,000
Surplus 2,000 2,000
Undivided profits 3,274 2,792
Deposits 53,277 48,992
Other liabilities 788 624
Total 60,839 55,006
Book val. per sh. \$62.74 \$57.92

Capital Notes: Outstanding Dec. 31, 1980, \$500,000 7% notes, due 1982. Other details not reported.
Capital Stock: \$1,000,000; par \$10.
Dividends Paid (since 1974):
1975 \$2.00 1976-77 \$3.00 1978 \$4.00
1979 [1] 3.00
[2] If any, not reported.
Traded: OTC.
Price Range: 1980, 80-61; 1979, 11 5/8-79.

LIBERTY STATE BANK (St. Paul, Minn.)
Incorporated under Banking Law of Minnesota in 1917. Conducts a general banking business with trust powers. Member Federal Reserve System and Federal Deposit Insurance Corp.

Officers
D.R. Fealer, President
T.J. Macke, Exec. Vice-Pres.
B.M. Mielke, Senior Vice-Pres.
D.F. Norum, Corp. Sec.
G.K. Sognesand, Cashier

Directors
O.G. Boneatree T.J. Macke
D.R. Fealer B.M. Mielke
J.L. Fealer W.A. Muska
E.W. Fridholm D.P. Seljeck
D.F. Norum

Office: P.O. Box 43075, St. Paul, MN 55164.
Tel: (612)646-8681.

Statement, Dec. 31 (in thousand dollars):
Resources: 1980 1979
Cash & in banks 7,291 6,624
U.S. Govt. secur. 2,597 3,404
Municipal secur. 8,854 6,457
Fed. funds sold 1,705 1,920
Loans (net) 30,541 26,581
Furn. & fixtures 677 680
Other assets 1,967 939
Total 53,433 46,725

Liabilities: 1980 1979
Capital stock 1,808 1,808
Surplus 1,217 987
Undivided profits 984 827
Reserves 305 306
Deposits 46,302 41,669
Other liabilities 2,817 1,088
Total 53,433 46,725
Book val. per sh. \$221.70 \$203.50

Capital Stock: \$1,808,000; par \$100.
Traded: OTC.

LIBERTY STATE BANK & TRUST (Hamtramck, Mich.)
Incorporated in Sept., 1918 as Liberty State Bank; present name adopted in Apr. 1970. General banking. Member Federal Reserve System and Federal Deposit Insurance Corp. Operates six branches.

Officers
Morris Fenkell, Chairman
G.M. Salkowski, President
C.B. Maxson, Senior Vice-Pres.
E.C. Kazerald, Senior Vice-Pres.
Colin Campbell, Vice-Pres.
S.S. Frederick, Vice-Pres.
D.A. Ward, Vice-Pres.
R.L. Dopke, Vice-Pres., Contr. & Cashier

Directors
Michael Currier W.I. Liberson
Morris Fenkell Leonard Palis
G.M. Salkowski Clyde Riley
William Jacobs

Office: 9301 Joa. Campau at Holbrook, Hamtramck, MI 48212. Tel.: (313)871-9400.

Statement, Dec. 31 (in thousand dollars):
Resources: 1980 1979
Cash & in banks 20,447 17,358
U.S. Govt. secur. 10,512 10,393
Municipal secur. 38,968 29,573
Other bonds 196 213
Loans & disc. (net) 112,695 109,810
Fed. funds sold 3,400
Banking bldg. 4,868 3,909
Other assets 2,235 2,262
Total 193,321 173,568

Liabilities: 1980 1979
Capital notes 1,781 1,906
Preferred stock 400 400
Common stock 2,200 1,100
Surplus 3,000 3,000
Undivided profits 6,507 6,490
Pfd. stk. retire. fd. 400 400
Deposits 170,817 155,190
Other liabilities 8,216 5,082
Total 193,321 173,568
Bk. val. com. sh. \$10.64 [1] \$10.25
[2] \$9.63 adj. for 100% stk. div. in 1980.

Capital Notes: Outstanding Dec. 31, 1980, \$1,781,000 7% notes, due 1982. Other details not reported.
Capital Stock: \$2,200,000; par \$10.
Dividends Paid (since 1974):
1975 \$2.00 1976-77 \$3.00 1978 \$4.00
1979 [1] 3.00
[2] If any, not reported.
Traded: OTC.
Price Range: 1980, 80-61; 1979, 11 5/8-79.

1979
VOL. 2
J-Z

COVERING NEW YORK,
AMERICAN & REGIONAL
STOCK EXCHANGES &
INTERNATIONAL COMPANIES

MOODY'S[®]

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DIVIDENDS PAID—

1948-56	\$1.40	1957	\$1.75	1958-59	\$1.40
1960	1.26	1961	1.12	1962	1.00
1963-64	1.00	1965	1.04	1966	1.17
1967	1.22	1968	1.28	1969	1.29
1970-71	1.32	1972	1.33	1973	1.38
1974	1.52	1975	1.68	1976	1.82
1977	1.94	1978	2.05	1979	1.10

Also paid stock dividends: 1948, 33 1/4%; 1949 and 1950, 25%; 1952, 20%; 1955, 33 1/4%; 1958, 20%; 1960, 50%; 1962, 1%; 1965, 1%.

Includes \$0.70 paid prior to 50% in stock.
To June 12.

Also paid one share of Midwestern Gas Transmission Co. common for each 200 shares held in 1963.
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN—Plan permits holders of common and \$7.40 cumulative preference stock to automatically reinvest dividends and additional amounts (\$10 to \$3,000 per quarter) toward purchase of Company's common stock without service charge or brokerage commissions. Plan is administered by Houston National Bank, Houston, Tex.

VOTING RIGHTS—Has one vote per share subject to provisions of preferred and second preferred (above).

PREEMPTIVE RIGHTS—None.

DIVIDEND RESTRICTIONS—See several series of 1st pipe line bonds, debentures, preferred stocks and second preferred stock above.

At Dec. 31, 1978, \$880,000,000 of consolidated retained earnings were not so restricted.

TRANSFER AGENTS—Chemical Bank, New York, Houston National Bank, Houston, Northern Trust Co. (Chicago), United California Bank (Los Angeles), and Montreal Trust Co. (Canada).

DIVIDEND DISBURSING AGENT—Houston National Bank, Houston.

REGISTRARS—Houston National Bank, Houston, Chemical Bank, New York, Northern Trust Co., Chicago, United California Bank, Los Angeles and Canada Permanent Trust Co., Toronto.

ISSUED—(96,000 shares) through subscription rights (see below) and (1,512,000 shares) in exchange for 216,000 outstanding shares on basis of seven shares for each share held in Jan., 1946.

(1,049,809 shares) in Aug., 1958 in exchange for 96.8% of common of Middle States Petroleum Corp. (see "History" above).

(467,098 shares) in Oct., 1958 in exchange for entire stock of Hartol Petroleum Corp. (see "History" above).

(425,468 shares) in Nov., 1959 in exchange for 93.6% of common of East Tennessee Natural Gas Co. (see "History" above).

(424,803 shares) plus 52,289 shares owned by a subsidiary in May 1960 in exchange for entire assets of Fifteen Oil Co.

(800,000 shares) in Oct. 1960 for assets of Renwar Oil Corp.

(2,457,740 shares) in Oct. 1963 for assets of Heyden Newport Chemical Corp. (see "History" above).

(276,757 shares) in June 1964 for Berkshire Color and Chemical Co.

(1,110,776 shares) in July 1964 for assets of Wilcox Oil Corp.

(215,811 shares) in Oct. 1964 for F. Strauss and Sons.

(527,495 shares) in Feb. 1965 for assets of California Ink Co.

(187,306 shares) in Feb. 1965 and Mar. 1967 for New York Color & Chemical Co.

(4,679,546 shares) in June 1965 for Packaging Corp. of America.

(222,367 shares) in Jan. 1966 for assets of Nixon Baldwin Chemicals, Inc.

(180,000 shares) in Mar., 1966 for Northwestern Corrugated Box Co. (33,689 shares) in May, 1966, for Lehigh Chemical Co.

(96,067 shares) in July, 1966, for Yardley Created Products Co.

(224,425 shares) in July, 1966, for Coates Board & Carton Co.

(704,564 shares) in Apr. 1967 for General Foam Corp.

(350,000 shares) in Dec., 1967 for Drott Manufacturing Co.

(214,668 shares) in Dec., 1967 for Gebr. Broere N.V.

(27,614 shares) in Jan. 1968 for Genset Corp. (852,810 shares) in Sept. 1968 for Newport News Shipbuilding & Dry Dock Co.

(337,223) in Nov., 1968 and Jan., 1970 for Davis Manufacturing Inc.

(483,600) in Dec., 1968 and Dec., 1970 for The Eastern Corrugated Container Corp.

(68,013) in Dec., 1968 for The Mechanex Corp.

(19,529 shares) in July, 1969 for Southeastern Aniline Co., Inc.

(56,980) in Aug., 1969 for Tri-Co. Almonds, Inc., California Almonds, Inc. and Tri-Co Co.

(57,377) in Nov. 1969 for Qualitrop Aero, Inc.

(4,982,044) in 1977 for Monroe Auto Equipment Co.

OFFERED—(812,100 shares, of which only 238,000 shares represented company financing) at \$12 per share (proceeds to company as to 238,000 shares, \$11.10 per share) on Jan. 17, 1946 by syndicate headed by Stone & Webster and Blodgett, Inc., and White, Weld & Co., New York. Proceeds to company applied to purchase of four compressor stations.

484,444 shares, of which only 350,000 shares represented company financing) at \$19.75 per share (proceeds to company as to 350,000 shares, \$18.65 per share) on Apr. 19 1946, by syndicate headed by Stone & Webster Securities Corp. and White, Weld & Co., New York.

(400,000 shares) at \$30.25 per share on Sept. 25, 1948 by Stone & Webster Securities Corp. and White, Weld & Co., New York, and associates.

(400,000 shares) at \$30.25 per share on Sept. 27, 1949 by Stone & Webster Securities Corp. and White, Weld & Co., New York and associates.

(250,000 shares) at \$30 per share on Oct. 24, 1950, by Stone & Webster Securities Corp. and White, Weld & Co., New York, and associates.

(400,000 shares) at \$24 per share on April 10, 1951, by Stone & Webster Securities Corp. and White, Weld & Co., New York, and associates.

(250,000 shares) at \$29.50 per share on May 27, 1952 by Stone & Webster Securities Corp., and White Weld & Co., New York, and associates.

(1,000,000 shares) at \$22.75 per share on May 5, 1953 by Stone & Webster Securities Corp. and White, Weld & Co., New York, and associates. Proceeds applied to purchase of up to 375,000 shares of American Republics Corp. capital stock.

(841,809 shares) pursuant to merger Dec. 30, 1954, of Tennessee Production Co.

(400,000 shares) at \$41.375 per share (proceeds to company, \$39,475 per share) on Sept. 14, 1955 by Stone & Webster Securities Corp. and White, Weld & Co., New York. Proceeds to repay short term notes and for expansion.

(1,000,000 shares) at \$30.75 per share (proceeds to company, \$29.05 per share) on Feb. 4, 1958, by Stone & Webster Securities Corp. and White, Weld & Co., New York. Proceeds to repay short-term notes and for expansion.

(1,600,000 shares) at \$34.50 per share (proceeds to company, \$32.75 a share) on Feb. 16, 1960, by Stone & Webster Securities Corp. and White, Weld & Co., Inc., New York, and associates. Proceeds to repay \$34,000,000 short term notes and for expansion.

(3,000,000 shares) at \$21.625 a sh. on Mar. 23, 1970, thru Stone & Webster Securities Corp., White, Weld & Co. and Paine, Webber, Jackson & Curtis and associates. Proceeds to repay short-term debt and for expansion.

(6,000,000 shares) plus warrants to purchase 6,000,000 com. shs. in units, each consisting of one com. shs. and one warrant, at \$22.25 a unit on Nov. 23, 1970 thru Stone & Webster Securities Corp., White Weld & Co. and Paine, Webber, Jackson & Curtis and associates. Warrants exercisable at \$24.25 a sh. thru Nov. 1, 1975. Proceeds to reduce short-term debt and for expansion.

(3,608,283 shares) at \$24.25 issued in connection with common stock warrants exercisable thru Nov. 1, 1975.

LISTED—On NYSE (Symbol: TGT); also listed on Midwest, Pacific, Toronto, London, Dusseldorf, Frankfurt, Basel, Geneva, Zurich and Paris Stock Exchanges. Unlisted trading on Philadelphia, Cincinnati and Boston Stock Exchanges.

Subscription Rights: Holders of record Nov. 8, 1945, had right to subscribe for 96,000 additional shares of common at \$72 per share, on basis of 4 shares for each 5 shares held. Rights expired Nov. 20, 1945.

Stockholders of record May 25, 1950, had right to subscribe to 466,667 \$1 par common shares of Mathieson Hydrocarbon Chemical Corp., at \$10.50 per share, on basis of one share for each 10 shares of Tennessee Gas Transmission held. Right expired June 14, 1950.

Qualified Stock Option Plan: At Dec. 31, 1978 Company had reserved 485,000 common shares providing for granting of options at 100% of fair market value at date of grant. At same date, all options had been granted and options for purchase of 448,750 shares had been exercised.

Warrants: Outstanding, Dec. 31, 1978, warrants to purchase 2,670,499 common shares at \$30.07 a share (adj.) to and including Apr. 2, 1979.

The purchase price may be paid in cash or by surrender of debentures 6s, 1979 at par and without credit for accrued interest in multiples of \$100 principal amount not exceeding the purchase price, together with any additional cash required. If debentures are to be surrendered in payment of all or a portion of the exercise price of the warrants after a record date for an interest payment and before the interest payment date, the amount of accrued and unpaid interest payable on such interest payment date on the principal amount of the debentures to be so surrendered must be deposited with such debentures (unless such debentures have been called for redemption on a redemption date prior to such interest payment date). No other adjustments in respect of interest or dividends will be made upon the application of debentures in payment of the purchase price upon exercise of the warrants.

Subscription price is protected against dilution.

Warrant Agent: Chase Manhattan Bank, N.A., New York.

Listed: Warrants exp. 4-2-79 listed on ASE (Symbol: TGT WS). Unlisted trading on Midwest Stock Exchange.

Issued—In Apr., 1969 with debenture 6s, 1979 which see.

TENNECO CORPORATION

(Controlled by Tenneco Inc.)

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Charges Earned	Interest Dates	Call Price	Price Range
			1978	1977		1978
1. Debenture 5 1/8s, 1990	Baa	\$30,501,000			102.70	71 1/4 - 66 1/2
2. Debenture 7s, 1993	Baa	83,930,000			103.68	99 1/2 - 79
3. Conv. subord. deb. 6 1/4s, 1992 Packaging Corp. of America	Ba	95,500,000			104.00	120 - 97 1/2
4. Debenture 4 3/8s, 1987	A	11,415,000	8.98	9.17	101.09	69 1/2 - 67 1/2
5. Debenture 6.85s, 1993 J.I. Case Co.	A	17,034,000			103.09	83 1/2 - 81 1/2
6. Subord. deb. 5 1/8s, 1990	Ba	13,183,675			102.50	82 - 77
7. Other subsidiary debt		264,315,700				

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh.	Divs. per Sh.	Call Price	Price Range
			1978	1977		1978
1. \$1.60 cum. conv. second pfd.	No par	22,000,000 shs.	\$144.00	\$155.20	\$1.60	\$28.55
2. Common	\$5	212,000,000 shs.	23.75	25.60		

Subject to change; see text. All owned by Tenneco, Inc. As reported by company. At Mar. 16, 1979 Tenneco, Inc. owned 1,731,889 shs.

HISTORY

Incorporated in Delaware in 1954 as Cumberland Corp.; present name adopted in Dec. 1960. On Feb. 28, 1961, Tenneco, Inc., parent, transferred to Co., all of its non-utility properties, including stock of subsidiaries engaged in production of gas and oil except gas properties which were connected to Tennessee Gas pipeline system.

On Apr. 12, 1965, Tenneco Manufacturing Co., a subsidiary, merged Cary Chemicals, Inc. Minority stockholders received 1 share of Tenneco Manufacturing common for each 10 Cary shares held.

On June 8, 1965 acquired Packaging Corp. of America now operated as subsidiary.

On Jan. 3, 1966 acquired Nixon-Baldwin Chemicals, Inc. through subsidiary Tenneco Chemicals, Inc. now operated as division.

In 1966 also acquired, Lehigh Chemical Co., Northwestern Corrugated Box Co., Coates Board & Carton Co., Inc. and Yardley Created Products Co., all for Tenneco, Inc. common owned by company. Subsidiary, Tenneco Oil Co. acquired retail marketing operations of Globe Petroleum Ltd., England now operated as Globe Petroleum Sales Ltd.

In 1967 acquired from parent, Tenneco Inc., as capital contributions, all outstanding stock

of General Foam Corp. and Kern County Land Co.

In Dec., 1967 acquired Drott Manufacturing Co.

On Sept. 4, 1968 acquired Newport News Shipbuilding & Dry Dock Co., now operated as subsidiary.

In Nov., 1968 acquired Davis Manufacturing Co.

In Mar., 1969 acquired Motor Condensator Co. Scholz KG, for undisclosed terms.

In July, 1969, through Tenneco Inc., acquired Southeastern Aniline Co., Inc., for \$580,000. Company will operate as a subsidiary of Tenneco Chemicals.

In Aug., 1969, acquired to operate as a subsidiary of Tenneco Corp. Tri-Co Almonds, Inc., California Almonds, Inc., and Tri-Co Co.

In Nov., 1969, through Tenneco Inc., to be operated as a subsidiary of Tenneco Corp., Qualitron Aero, Inc. for 57,377 shares of Tenneco Inc. common stock.

In Dec., 1969, through Moorgate Corp., a subsidiary of Tenneco Inc., acquired an additional 2,136,457 shares of J.I. Case common stock and 143,287 shares of Series A preferred for 400,451 shares of Tenneco Inc. \$5.50 preference stock.

In Feb. 1970, Packaging Corp. of America, a Tenneco Corp. subsidiary, acquired outstanding balance (49%) of Tennessee River Pulp & Paper Co. and Corinth & Counce R.R. Co. for about \$25,000,000 cash.

In June 1970, acquired from Tenneco Inc. at book value all outstanding capital stock of Moorgate Corp.

In Aug. 1970, acquired remaining 9% interest in J.I. Case Co. for 102,488 shares of Tenneco Inc. \$5.50 preference stock.

Also in 1970, received from Tenneco Inc., as a capital contribution, all outstanding stock of Eastern Corrugated Container Corp. group of companies.

On Mar. 1, 1971, acquired from Tenneco Inc., as a capital contribution, all outstanding shares of Heggblade-Margulesz-Tenneco Inc. at carrying value.

In June 1972, Tenneco Corp. transferred all of the outstanding capital stock of Tenneco International Inc. and Tenneco International N.V. and advances and non-interest bearing demand notes of such companies to Tenneco Inc. at carrying value.

On Jan. 1, 1974, Tenneco Corp. transferred its investment in certain real estate companies to Tenneco Inc. at carrying value in exchange for partial cancellation of Tenneco Corp.'s noninterest bearing subordinated demand note payable.

In Dec. 1974 Tenneco Oil Co., Tenneco Corp. subsidiary, acquired La-Terre Co., Inc., whose assets consist primarily of oil and gas interests, for cash of \$17,000,000 and a production payment of \$201,000,000.

On Apr. 1, 1975 acquired 5.5% interest in Republic of Texas Corp. as a result of merger of that company with Houston National Co., in which Tenneco Corp. had owned a 40% non-voting interest.

In Mar. 1978 Co. acquired Lydex Automotive Exhaust Systems, (Denmark) details not disclosed.

SUBSIDIARIES

The following is a list of subsidiaries at Dec. 31, 1978. All wholly-owned, except as noted:

Blue Flame Gas Corp. (Del.)
 Collins Pipeline Co. (Del.) (80%)
 Columbine Casualty Co. (Colo.)
 Channel Industries Gas Co. (Del.)
 Direct Oil Corp. (Del.)
 D&D Oil, Inc. (Fla.)
 Hartel Petroleum Corp. (N.J.)
 Kern County Land Co. (Del.)
 Speedy Muffler King Corp.
 Boquillas Cattle Co. (Ariz.)
 Pueblo del Sol Water Co. (Ariz.)
 J.I. Case Co. (Del.)
 Case Power & Equipment Limited (Wisc.)
 I.L. Case International Sales Corp. (Del.)
 I.L. Case Credit Corp. (Wisc.)
 Davis Manufacturing Co. (Del.)
 Drott Manufacturing Corp. (Wisc.)
 Drott Manufacturing Co. (Wis.)
 Travlift and Engineering Corp. (Wis.)
 The Case Co. (Wis.)
 Grand Detour Fluv Co. (Wis.)
 Case, S.A. De C.V. (Mexico)
 I.L. Case Argentina, S.A. (Argentina)
 I.L. Case International, S.A. (Venezuela)
 I.L. Case Threshing Machine Co. (Wis.)
 Lyon County Implement Co. (Minn.)
 Pryor Foundry, Inc. (Okla.)
 Vibromax Manufacturing Co. (Del.)
 David Brown Tractors (Canada) Ltd.
 Tenneco West, Inc. (Del.)
 Ag-Ventures, Inc. (Cal.)
 Cal-Date Co. (Cal.)
 California Almond Orchards, Inc. (Cal.)
 California Harvest Shops, Inc. (Cal.)
 Grandma Mac's Orchard (Cal.)
 HMT Inc. (Cal.)
 Kern Island Water Co. (Cal.) (99%)
 Kern River Canal and Irrigating Co. (Cal.)
 Tenneco Farming Co. (Cal.)
 Martin Drilling Co., Inc. (Del.)
 Bluefin Supply Co. (Del.)
 Martin International Drilling Co. (Del.)
 Martin Ethiopia, Inc. (Del.)
 Martin-West Drilling Co., Inc. (Del.)
 Mitchell Supreme Fuel Co. (Del.)
 Newport News Shipbuilding and Dry Dock Co. (Va.)
 Newport News Reactor Services, Inc. (Va.)
 Newport News Industrial Corp. (Va.)
 Newport News Industrial Corp. of Ohio (Ohio)
 Newport News Offshore Systems Corp. (Va.)
 James River Oyster Corp. (Va.)
 Greenville Metal Manufacturing Inc. (Va.)
 Packaging Corp. of America (Del.)
 ABCO Cartage Co. (Mich.)
 American Box Board Co. (Mich.)
 Commonwealth Container Corp. (Mass.)
 Commonwealth Container Corp. (Pa.)
 Cornish Lumber Co., Inc. (Ala.)
 D&D Lumber Co., Inc. (Ala.)

Dixon Lumber Co., Inc. (Ala.)
 Detroit Container Corp. (Mich.)
 Eastern Corrugated Container Corp. (N.J.)
 Lockhart Lumber Co., Inc. (Ala.)
 Mistal Inc. (Del.)
 Northwestern Corrugated Box Co. (Minn.)
 Packaging Corp. of America (Nev.)
 Superior Box and Bag Co. (Tex.)
 The Ohio Boardwalk Co. (O.)
 Tennessee River Pulp & Paper Co. (Del.)
 The Corinth & Counce Railroad Co. (Miss.)
 Petro-Tex Chemical Corp. (Del.)
 Quinicos Petro-Tex S.A. (Belgium)
 Petro-Tex Europe S.A. (Belgium)
 Seven Fifteen Lamar Agency, Inc. (Tex.)
 Red Diamond Oil, Inc. (Del.)
 Tenneco Chemicals, Inc. (Del.)
 General Foam Corp. (N.Y.)
 Hayden Newport Chemical Corp. (Del.)
 Tenneco Chemicals Canada, Ltd. (Canada)
 Nuodex of Canada Ltd. (Canada) (51%)
 TCI International Sales Corp. (Del.)

Tenneco Inc. (Nev.)
 Tenneco Investments, Inc. (Del.)
 Tenneco Gathering Co. (Del.)
 TLC Oil Co. (Del.)
 North Belt Communications Co. (Conn.)
 Tenneco Ocean Metals Development Corp. (Del.)
 Tenneco Oil Co. (Del.)
 Tenneco La-Terre, Inc. (Del.)
 La-Terre Development Corp. (Del.)
 La-Terre Petroleum of Italy, Inc. (La.)
 La-Terre Petroleum (United Kingdom) Ltd. (U.K.)
 La-Terre (United Kingdom) Inc. (Del.)
 La-Terre Petroleum of Canada (La.)
 Operators, Inc. (Del.)
 Q-S Petroleum, Inc. (Del.)
 Tenneco Mining, Inc. (Del.)
 Tenneco OCS Co., Inc.
 Tenneco Offshore Co., Inc. (Del.)
 Tenneco Exploration, Ltd.
 Tenneco Offshore II Co. (Del.)
 Tenneco Exploration II, Ltd.
 Tenneco Oil Pipeline Co. (Del.)
 Tenneco Retail Service Co. (Del.)
 Tenneco Retail Service Co. of Texas (Tex.)
 Tenneco Oil Co. of Nigeria (Del.)
 Tenneco Oil Co. of Nigeria

Tenneco Orochem Holdings, Inc. (Del.)
 Tennessee Argentina, S.A. (Del.)
 Tennessee Gas Pipeline Corp. (Del.)
 Tennessee Production Co. (Del.)
 T&M Terminal Co. (Del.) (80%)
 Tennasco Inc. (Del.)
 H-T Gathering Co. (Del.) (50%)
 Tenneco Gas Gathering Co. (Del.)
 Walker Manufacturing Co. G.m.b.H. (Germany)
 West Africa Corp. (Del.)

Tenneco Oil Company of Nigeria (Nigeria)
 [1] All management and administrative services for this company are provided by Tenneco Oil Company pursuant to a management contract and a majority of its Board of Directors is comprised of persons who have been nominated by the Company.

[2] A limited partnership organized under the laws of the State of Texas and a partnership in commendam under the laws of the State of Louisiana, of which Tenneco Oil Company is the General Partner.

[3] A limited partnership formed under the Uniform Limited Partnership Acts of Texas, Mississippi, and Alabama and a partnership in commendam under the laws of Louisiana, of which Tenneco Oil Co. is the General Partner.

BUSINESS

Through subsidiaries engaged in oil production; refining and marketing; natural gas production and processing; chemical manufacturing; producing paperboard products and packaging products; shipbuilding; machinery and equipment manufacturing; almond processing; automotive parts manufacturing and aircraft support activities; Also agriculture and land development; insurance companies and a one bank holding company.

Petroleum producing properties are owned and operated in U.S. and in addition interests are held in oil properties in Canada, also through affiliates is engaged in exploration for oil in Indonesia, Trinidad, Thailand, Nigeria, South Africa, Netherlands North Sea, British North Sea, Peru, and Arctic Islands region of Canada.

Joint Venture Mining Project: In Nov. 1974 company announced that U.S. Steel Corp. and Union Miniere S.A. joined it and 3 Japanese concerns in a manganese-mining project in Pacific Ocean south of Hawaii. The 3 Japanese companies are Nichimen Co., Itoh (C.) & Co., Ltd. and Kanematsu-Goshio Ltd., all of Tokyo. Using Deepsea Ventures Inc., in which Tenneco Corp. has a 22.9% interest, group seeks eventually to produce copper, nickel, cobalt and manganese from a manganese module site discovered on ocean bottom in depths below 13,000 ft. Company estimated that 3-year development and evaluation program will cost about \$20,000,000.

PROPERTY

At Dec. 31, 1978, Company and its subsidiaries owned approximately 578,155 net acres of producing oil, gas and thermal leases on which were located 1,740 net oil wells, 775 net gas wells and 475 net thermal wells.

In 1978, Company and subsidiaries drilled or participated in drilling of 94 gross and 49 net oil and gas wells and no thermal recovery wells.

In 1978, Company's average daily production was approximately 77,548 bbls. of oil and

condensate, and approximately 1,080,658 Mcf. of gas. All of this production was in the United States.

Tenneco subsidiaries own and operate a modern crude oil refinery at Chalmette, La. with capacity to refine 120,000 bbls. of crude oil per day.

Tenneco and its subsidiaries also own facilities for wholesale and retail distribution of refined petroleum products principally in Southeastern States and along Atlantic Seaboard. Refined products are sold under principal brand names "Tenneco," "Bay," "Direct," "Ufill'em."

Company also owns and operates or has interests in a number of processing plants along Gulf Coast which produce light hydrocarbon products such as propane, butane, ethane and natural gasoline.

Company has mining interests in uranium deposits in Texas and sulphur in Iran and Angola, Africa.

Tenneco Oil Co.: Integrated oil company largest Tenneco subsidiary, carries on exploration, production, refining, and marketing of petroleum products.

Company has oil and gas production interests primarily in the Gulf Coast (including offshore Louisiana), and in the Pacific Coast, Mexico and Rocky Mountain Areas of the U.S.; also engages in exploration for oil and gas in a number of foreign countries (see under Business, above).

Company became a general partner of a limited partnership formed with Tenneco Offshore Co., Inc. in Nov. 1972. In Jan., 1974, Tenneco Offshore organized a wholly-owned subsidiary corporation, Tenneco Offshore II, in order to expand its investment in oil and gas exploration. Tenneco Offshore II sold \$100,000,000 of long-term notes due 1984 and contributed these proceeds to a new limited partnership in which it is the Limited Partner and Tenneco Oil Co. is the General Partner. At Dec. 31, 1977, these partnerships had interests in 36 Federal offshore leases in which 58 exploratory and 112 development wells had been drilled. Sufficient drilling has not been done to make a definitive estimate of ultimate recoverable reserves.

Company owns and operates refinery near New Orleans with daily capacity of 120,000 bbls. of crude oil; also provides natural gasoline and other liquids extracted from natural gas.

Company has plant near Death Valley Junction, Cal. producing calcined colemanite which is used in manufacture of fiberglass.

Tenneco West, Inc.: Owns 860,159 acres and leases 269,453 acres of land in Cal. and Ariz. 102,587 net acres are devoted to irrigated farm lands, of which Tenneco West farmed approximately 25,000 acres and balance was farmed by independent farmers under leases. Tenneco West also raises cattle on its lands. Company and affiliates and subsidiaries develop commercial, industrial and residential properties in California.

Through its divisions, markets perishable fruits and vegetables grown by Tenneco West and numerous other independent farmers in Cal., Ariz., Texas, Washington and Mexico, and purchases, processes and sells nut crops (primarily almonds), dates and raisins for consumer and commercial use.

J.I. Case Co. Company and its subsidiaries ("Case") are manufacturers of construction equipment and farm machinery. Case's line of construction equipment includes wheel tractor loader/backhoe combinations, crawler dozers, four-wheel drive articulated loaders, crawler and wheel-type hydraulic excavators, mobile materials handling cranes, straddle-type mobile travel lifts, trenches, crawler and wheel line-laying equipment, boring equipment for placing cable and pipe under roads, skid steer loaders, forklifts, forestry equipment, compacting equipment and four-wheel drive multi-purpose vehicles with related equipment. Case's line of construction equipment accounted for approximately 65% of Cases sales in 1978, and 57% in 1977. Case's farm machinery line includes tractors, implements, garden tractors and other items. This line accounted for approximately 35% of Case's sales in 1978 and 43% in 1977.

Case's products are marketed under names "Case," "Drott Manufacturing Corp.," "Davis Manufacturing Inc.," "Vibromax Corp.," and "David Brown Tractors, Ltd."

Case has 22 manufacturing plants. Domestic manufacturing plants are located in Ill., Ind., Ia., Kan., Okla., and Wis. Plants of other affiliates of Company which manufacture farm machinery and construction equipment are located in Australia, England, France, Spain, West Germany and Brazil.

J.I. Case Credit Corp. (see Moody's Bank & Finance Manual), a widely-owned unconsolidated subsidiary of Case, finances purchases and leases of Case products by dealers and their customers, as well as allied equipment of other manufacturers attached to or sold and used with such products and used units of any make when traded against the purchase of new equipment.

Newport News Shipbuilding & Dry Dock Co.: One of the largest shipbuilding companies in U.S. engaged in business of constructing vari-

ous types of naval vessels (including nuclear-powered submarine and surface ships) and merchant vessels, converting, repairing and reconditioning ships and refueling nuclear vessels. Company also manufactures equipment for hydroelectric applications and other miscellaneous products.

Of gross revenues of Newport News for 1978, contracts with the Dept. of Navy (including shipbuilding, converting, overhauling and repairing both nuclear and conventional powered vessels and refueling nuclear vessels) accounted for approximately 67%; construction repair reconditioning and conversion of merchant vessels accounted for approximately 25%; production of equipment for hydroelectric applications and other miscellaneous products accounted for approximately 8%.

Construction of Naval vessel may require period of several years, depending on type and size of vessel, and total cost of major vessel may be several hundred million dollars.

Tenneco Chemicals, Inc., engaged in manufacture and sale of a variety of chemical and plastic products. Also owns interests in various foreign corporations, and certain of its products are manufactured and sold abroad under license arrangements.

Tenneco Chemicals' divisions (grouped by products manufactured) are as follows:

Organics Division: Produces commodity chemicals such as acetylene, ammonia, methanol and formaldehyde; chemical specialties comprising over 900 products, including organic intermediates, fine chemicals, synthetic lubricants, paint additives, colorants and pigment dispersions, flavor and fragrance components, and agricultural chemicals.

Polymers and Plastics Division: Produces polyvinyl chloride resins, stabilizers, plasticizers and other plastic additives, and polyvinyl chloride film and sheeting for various applications.

Foam Division: produces a broad line of flexible polyurethane foam products for application in the furniture and bedding, textile, carpet cushioning, packaging and other industries.

Petro-Tex Chemical Corporation, owns and operates plants in Houston, Texas for the production of butadiene, a principal ingredient in the manufacture of synthetic rubber, and olefin chemicals for sale as intermediates. It also produces neoprene synthetic rubber for sale to the rubber processing industry. In 1977, Petro-Tex shut down a portion of its butadiene manufacturing units because the process employed in such units is not economical under prevailing market conditions. In Apr. 1977, Petro-Tex signed an agreement with Denki Kagaku Kogyo Kabushiki Kaisha, a Japanese company, providing for the sale of all Petro-Tex's neoprene rubber and dibasic acid business (including its maleic anhydride business).

Packaging Corp. of America: Manufactures paperboard, corrugated containers, cartons, molded pulp products and other packaging products, lumber and plywood.

Packaging has 30 corrugated container plants. Packaging has 13 paperboard machines at seven locations. Packaging has 7 carton plants. It also has 2 molded pulp products plants, 6 lumber products plants and one plywood plant. Packaging's plants are located primarily in Middle West and on East Coast.

Packaging obtains its raw materials from independent logging contractors, from operation of eight reclaimed paper stock collecting and processing plants and from other sources. Packaging owns, leases or has cutting rights over approximately 136,000 acres of Michigan forest land and over approximately 419,000 acres of timberland in Ala., Miss. and Tenn.

Republic of Texas Corp. (5.2% equity). This interest in Republic resulted from the merger of that company with Houston National Co., in which Tenneco Corp. had owned a 40% non-voting interest. This merger was negotiated in 1974 and completed in April, 1975.

CONTROL
Tenneco Inc. (see preceding statement) owns all com. stk.

MANAGEMENT
Officers
J.L. Ketelsen, Chmn. & Pres.
E.W. Reese, Vice-Pres.
J.L. Daily, Jr., Vice-Pres.
E.L. Capps, Vice-Pres. & Treas.
L.R. Spence, Secretary

Directors
James L. Ketelsen
E.L. Capp
Kenneth W. Reese

Auditors: Arthur Andersen & Co.
No. of Stockholders: Dec. 31, 1978: Second preferred, 2,078; common, 1.

No. of Employees: Dec. 31, 1978, 60,000.
Office: Tenneco Building P.O. Box 2511 Houston, TX 77001. Tel: (713)757-2131.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
(Taken from Reports filed with Securities & Exchange Commission)
(in millions of dollars)

CONTINUING OPERATIONS:	1978	1977	1976	1975	1974	1973
Net sales & operating revenues:						
Integrated oil	1,799.0	1,556.7	1,452.1	1,332.6	1,352.6	732.9
Construction and farm equipment	1,386.0	1,149.0	1,054.1	964.1	888.5	734.3
Shipbuilding	733.0	784.9	688.1	613.5	490.4	477.9
Packaging	530.0	481.9	449.7	373.2	363.9	307.5
Chemicals	476.0	438.8	402.1	319.2	334.4	276.2
Natural gas pipelines	258.0	296.2	293.9	203.7	94.4	36.0
Automotive	74.0	63.0	52.0	49.5	39.5	32.4
Agriculture, land management	210.0	175.0	158.4	155.8	164.7	203.4
Investments		5.3	9.9	20.0	8.1	12.6
Intergroup sales	(18.0)	(22.5)	(24.9)	(12.8)	(24.1)	(10.1)
Total sales & rev.	5,448.0	4,928.3	4,535.4	4,018.8	3,712.4	2,803.1
Other income, net	25.0	18.0	23.0	28.6	23.0	29.3
Total	5,473.0	4,946.3	4,558.4	4,047.4	3,735.4	2,832.4
Costs and expenses—						
Cost of sales	3,711.0	3,288.1	3,061.7	2,775.9	2,613.3	2,036.8
Operating expenses	436.0	463.1	460.8	342.5	196.5	132.5
Sell., general & admin.	460.0	399.6	359.7	327.9	312.8	292.4
Deprec., depl. & amort.	265.0	224.6	194.9	173.1	129.4	119.2
Parent co. management service fee	76.0					28.8
Interest:						
On long-term debt	36.0	40.0	48.1	56.2	57.0	56.1
Other	42.0	24.7	26.0	35.3	32.0	23.1
Capitalized	(18.0)	(10.3)	(21.2)	(16.7)	(12.3)	(4.8)
Total	5,008.0	4,429.8	4,130.0	3,694.2	3,328.7	2,684.1
Inc. bef. fed. inc. taxes, minority int. & equity in net inc. of affil. cos.	465.0	516.5	428.4	353.2	406.7	148.3
Federal income taxes:						
Current bef. invest. tax credit	108.0	204.3	89.6	96.2	92.0	38.9
Investment tax credit	(26.0)	(25.1)	(27.9)	(18.9)	(7.6)	(6.8)
Deferred	109.0	38.9	103.4	65.3	83.7	(3.2)
Total	191.0	218.1	165.1	141.6	168.1	28.9
Minority int. in subs. net income		.3	.5	.4	.5	.4
Equity in net income of affiliated companies	14.0	12.3	12.5	13.6	18.7	\$12.4
Inc. from cont. oper.	288.0	310.4	275.3	224.8	256.8	131.4
Net inc. from bus. tid. to Tenneco Inc.						4.7
Net income	288.0	310.4	275.3	224.8	256.8	136.1
Retained earn., beg. of yr.	723.0	710.0	745.7	690.6	532.6	476.3
Cum. pfd. dividends						.6
Cum. 2nd pfd. dividends	3.0	3.2	3.2	3.2	3.2	3.2
Common dividends	321.0	293.8	244.8	126.2	95.6	68.4
Divs. in kind to parent Co.	31.0		63.0	40.3		7.6
Retained earn., end of yr.	656.0	723.4	710.0	745.7	690.6	532.6

Restated for accounting change. See General Notes (c & d) below balance sheet.

General Notes

Effective Jan. 1, 1974, Tenneco Corp. transferred to Tenneco Inc. its investment in certain real estate companies at Tenneco Corp.'s carrying basis (\$38,000,000), in exchange for the partial cancellation of Tenneco Corp.'s noninterest bearing subordinated demand note payable. Such transfer was reflected as of Dec. 31, 1973. Revenues of businesses transferred to Tenneco Inc. were approx. \$39,000,000 for 1973. Net income of these businesses prior to transfer to Tenneco Inc. is reported separately in the accompanying statements of income.

Until 1974, predominant oil and gas industry practice was followed of "flowing-through" to current income benefits of all tax

deductions applicable to oil and gas exploration, development and production activities. Effective Jan. 1, 1974, provision for deferred Federal income taxes applicable to current difference between financial income, and taxable income (exclusive of current reduction in taxes payable resulting from statutory depletion) was commenced. This provision reflects primarily changing economics of oil and gas industry including proposed Congressional action to reduce oil and gas incentives. As a result, net income was reduced approximately \$30,000,000, \$12,000,000, \$24,000,000, \$47,000,000 and 100,000,000 for the years 1974, 1975, 1976, 1977 and 1978 respectively. If the companies had provided these deferred taxes in 1973, net income would have been reduced approximately \$18,000,000. At Dec. 31, 1978,

deferred taxes of \$500,000,000 had not been provided for unamortized costs which have previously been deducted for tax purposes.

Consolidated Statement of Changes in Financial Position (in millions):

Source of Funds:	1978	1977
Funds provided from operations—		
Net income	288.0	310.4
Deprec., depl. & amort.	270.0	227.1
Def. fed. inc. taxes	106.0	62.6
Undist. earn. of affil. cos.	(13.0)	(11.2)
Other	2.0	1.7
Total funds prov. from oper.	653.0	590.6